



**AGREEMENT FOR MODIFICATION OF CONTRACT SALARY FOR THE PURCHASE OF AN ANNUITY OR SHARES
UNDER SECTION 403(b) or 403(b) (7) OF THE INTERNAL REVENUE CODE**

THIS SALARY REDUCTION AGREEMENT is made between the San Mateo County Community College District, hereinafter referred to as the "Employer" and _____, hereinafter referred to as the "Employee."

WHEREAS the Employee wishes to obtain the benefits under the provisions of Public Law 87-370, Section 403(b) or 403(b)(7) of the Internal Revenue Code and California Revenue and Taxation Code Section 17512,

NOW THEREFORE, in consideration of the mutual promises and conditions hereinafter set out, **IT IS AGREED**, as follows:

1. That as of _____, 20____ (a date subsequent to the execution of this agreement), the annual rate of salary otherwise payable to the Employee shall be reduced to the following schedule:

\$ _____ per month beginning _____, 20 _____ and thereafter, or until further notice.

2. By signing this document, the Employee directs the Employer to withhold at the above level and acknowledges that (s) he has been advised by qualified tax counsel and agrees to indemnify and hold the Employer harmless from any and all taxes, penalties, and costs which may occur due to any over-withholding of tax sheltered annuity funds generated by this amendment to the employment contract.

3. That the Employer will apply the amount of the salary reduction described in paragraph one (1) to the purchase of a non-forfeitable retirement annuity contract or shares in which the Employee shall be named as the owner, issued by:

Name of Company or Vendor	Amount
1) _____	_____
2) _____	_____
3) _____	_____

4. That this agreement is legally binding and irrevocable with respect to amounts available to the Employee while it is in effect, and that this agreement will remain in effect for as long as the Employee is employed by the Employer unless terminated in writing.

5. That elective deferrals made under this agreement may not exceed the lesser of: The maximum exclusion allowance as defined in IRC Section 403(b)(2); Contribution limits as defined in IRC Section 415(c) and 415(c)(4); The applicable IRC Section 402(9) limits on elective deferrals.

6. That the Employee releases all rights, present and future, to receive any or all of the amounts to be used by the Employer as premium/shares payments in any other form; provided, however, that if the Employee should either voluntarily terminate employment or die while in the Employer's employ, the Employee or his estate shall be paid all or any part of the amount herein specified for which Employee has already rendered services, but which has not then been applied to the payment of the annuity premiums or shares.

7. That the insurance company or regulated investment company and the annuity or shares are selected by the Employee; and therefore, the Employee assumes all risks and shall hold harmless the Employer, its officers, agents, employees and servants from any and all claims and demands by the Employee, his/her heirs and assigns, which may be made by reason of the purchase of the annuity or shares by the Employer.

8. The Employee acknowledges that the Employer has made no representation to the Employee regarding the advisability, appropriateness or tax consequences of the purchase of the annuity or shares described herein. The Employee agrees that the Employer shall have *no liability* whatsoever for any and all losses suffered by the Employee with regard to her/his selection of the investment; the terms of the investment; the selection of the insurance company or regulated investment company; the solvency of, operation of or benefits provided by said insurance company or regulated investment company; or her/his selection and purchases of shares of regulated investment companies.

9. All computations to determine maximum allowable contributions, and all income tax consequences of the Employee's participation in the program are the sole responsibility of the Employee.

IN WITNESS THEREOF, this Agreement has been executed by and behalf of the parties hereto this _____ day of _____, 20 _____.

School District San Mateo County Community College Employee _____

By: _____

Title: _____